

Message Text

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ACTION SS-25

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FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC IMMEDIATE 5297

C O N F I D E N T I A L SECTION 1 OF 2 THE HAGUE 0925

EXDIS

FOR THE SECRETARY FROM THE AMBASSADOR

E.O. 11652: GDS

TAGS: EAIR, NL

SUBJECT: SOLUTION TO OUR CIVIL AIR DISPUTE WITH
THE NETHERLANDS

1. SUMMARY: OUR CIVIL AIR DISPUTE WITH KLM IS SOURING OUR BILATERAL RELATIONS WITH THE DUTCH AND IMPACTING ADVERSELY ON THE FY-16 SAL PROSPECTS. VIEWED FROM HERE THE CAB HARD LINE POLICY ON SIXTH FREEDOM TRAFFIC, CHICH THE DUTCHWILL NEVER VOLUNTARILY ACCEPT, WOULD PRODUCE LITTLE DIRECT BENEFIT FOR US CARRIERS, EVEN WERE IT TO PREVAIL WHICH IS DOUBTFUL. I THEREFORE STRONGLY RECOMMEND THAT OUR CIVIL AIR DISPUTE WITH KLM BE PROMPTLY RECONCILED BY WORKING OUR AN INTERIM AGREEMENT AS TO SCHEDULES AND DEFERRING FOR NOW THE THORNY ISSUE OF SIXTH FREEDOM TRAFFIC. END SUMMARY

2. IN MY JUDGMENT THE INTERESTS OF THE U.S. IN GENERAL AND ITS SPECIFIC INTERESTS HERE IN THE NETHERLANDS WILL BEST BE SERVED BY A PROMPT AND AMICABLE RESOLUTION OF THE CIVIL AIR DISPUTE WHICH HAS BEEN PENDING SINCE SEPTEMBER.

3. THE DOGGED PURSUIT OF OUR HARD LINE POLICY DEMANDING THAT KLM COUGH UP SIXTY PERCENT OF ITS TRANSATLANTIC
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BUSINESS-ITS SIXTH FREEDOM TRAFFIC-IS INCURRING

CONSIDERABLE ILL WILL AMONG KEY DUTCH POLITICANS AND AMONG THE POLITY, TOO. THIS ILL WILL IS NOW IMPACTING ADVERSELY ON OUR RELATIONS WITH THE DUTCH AND COULD LOSE US THE YF-16 SALE HERE-WHICH IN TURN WOULD LIKELY CAUSE ITS LOSS IN BELGIUM AND POSSIBLY IN DENMARK AND NORWAY AS WELL. ALTERNATIVE SELECTION BY THE DUTCH OF THE FRENCH MIRAGE WOULD HAVE OBVIOUS AND FUNDAMENTAL REPERCUSSIONS ON NATO AND THE ATLANTIC RELATIONSHIP.

4. IF THERE WERE A PREDICTABLE AND PRACTICAL ADVANTAGE TO OUR HARD LINE POLICY VIS-A-VIS KLM, WE COULD BETTER JUSTIFY THIS UNYIELDING ATTITUDE. IT IS NOW OBVIOUS, HOWEVER, AFTER THREE DIFFICULT ROUNDS OF NEGOTIATIONS, THAT THE DUTCH WILL NOT YIELD ON THE PRINCIPLE OF SIXTH FREEDOM TRAFFIC VOLUNTARILY. TO THE CONTRARY, THEY CAN BE EXPECTED TO INVOKE ALL THEIR RIGHTS UNDER THE BILATERAL, INCLUDING ARBITRATION, AND WILL CHALLENGE ADMINISTRATIVE RULINGS THROUGH LENGTHY COURT PROCEDURES. THEREFORE A CONSIDERABLE TIME LAG OF PERHAPS A YEAR OR MORE, WILL OCCUR BEFORE IT IS DECIDED DEFINITELY WHETHER OR NOT THE DUTCH ARE ENTITLED TO SIXTH FREEDOM TRAFFIC. FROM A PRACTICAL POINT OF VIEW, THE DUTCH POLICY TO DIG IN THEIR HEELS IS PERFECTLY LOGICAL, FOR NO AIRLINE EXECUTIVE WOULD VOLUNTARILY YIELD SIXTY PERCENT OF HIS BUSINESS, BUILT UP OVER SEVERAL YEARS WITHOUT FORMAL OBJECTION BY THE US, AND NO POLITICIAN WOULD YIELD SIXTY PERCENT OF A NATIONAL AIRLINE'S TRAFFIC WITH PUBLIC OUTCRY RUNNING STRONGLY TO THE CONTRARY.

5. ANOTHER CURIOUS FACTOR IS THAT EVEN IF KLM WERE DIVESTED OF ITS SIXTH FREEDOM TRAFFIC IT IS CONJECTURAL IF EVEN A SIGNIFICANT PORTION OF THIS TRAFFIC WOULD FLOW TO THE BENEFIT OF US CARRIERS. ONE THING IS SURE: THE LARGER PART WOULD ACCRUE TO OTHER EUROPEAN AIRLINES. WE ARE THEREFORE IN THE POSITION OF FIGHTING A BATTLE-WHOSE OUTCOME IS UNPREDICTABLE-TO ESTABLISH A PRINCIPLE WHICH, EVEN IF ESTABLISHED, IS UNLIKELY TO PRODUCE ANY SIGNIFICANT PRACTICAL BENEFIT FOR US CARRIERS.

6. THE RELATOSHIP OF KLM TO THE DUTCH PSYCHE IS
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UNIQUE. THIS STEMS IN PART FROM THE WAY THE DUTCH HAVE TRADITIONALLY VIEWED THEIR ECONOMIC RAISON D'ETRE AS INTERNATIONAL CARRIERS AND SHIPPERS. BUT IT ALSO STEMS FROM THE EMOTIONAL ATTACHEMENT THAT KLM GENERATED AMONG THE DUTCH DURING THE EARLY DAYS OF CIVIL AVIATION BY PIONEERING AIRLINE ROUTES TO MANY REMOTE REGIONS OF THE WORLD. IN THE PROCESS KLM CAPTURED THE IMAGINATION OF THE DUTCH PUBLIC. KLM WAS TO THEM WHAT SPACE

PIONEERING IS FOR AMERICANS TODAY. DUTCH PILOTS WHO ESTABLISHED NEW ROUTES AND RECORDS BECAME NATIONAL PERSONALITIES JUST AS CELEBRATED AS OUR ASTRONAUTS HAVE NOW BECOME.

7. WHILE IT CAN BE ARGUED HERE THAT CIVIL AIR ISSUES SHOULD BE TREATED INTELLECTUALLY AND NOT EMOTIONALLY, WHETHER WE LIKE IT OR NOT, THE CIVIL AIR NEGOTIATIONS ARE AND WILL REMAIN AN EMOTIONAL ISSUE FOR THE DUTCH AS YOU YOURSELF HAVE RECOGNIZED. THOUGH THIS MAY BE A FACTOR OF WHICH THE CAB CANOT TAKE CONGNIZANCE, IT IS ONE WHICH THE DEPT WILL SURELY WISH TO TAKE INTO CONSIDERATION IN WEIGHING ALTERNATIVE COURSES OF ACTION AND IN ITS PERIODIC REVIEW OF EXISTING POLICIES.

8. WE HAVE RECEIVED PROTESTS FROM VIRTUALLY ALL MEMBERS OF THE GOVERNMENT AND FROM ANY NUMBER OF PROMINENT CITIZENS, INCLUDING MANY WHOSE VIEWS ARE BASICALLY PRO-AMERICAN AND PRO-WESTERN. IN RECENT DAYS A NEWSPAPER HAS DEVELOPED A CIRCULAR LETTER TO PRESIDENT FORD WHICH HAS ATTRACTED SOME 100,000 SIGNATURES. WHILE WE RECOGNIZE THE UNITED STATES SHOULD NEVER ALLOW ITS POLICIES TO BE DETERMINED BY THE NUMBER OF SIGNATURES THAT CAN BE OBTAINED BY A NEWSPAPER IN A FOREIGN COUNTRY, WE HAVE BEEN STRUCK BY THE NUMBER OF OUTSTANDING PEOPLE WHO HAVE LENT THEIR SUPPORT TO THIS PROGRAM. THEY INCLUDE: PRINCE BERNHARD; FORMER NATO HEAD DIRK STIKKER; LONG-TERM AMBASSADOR TO U.S. HERMAN VAN ROYEN; RESPECTED INTELLECTUAL AND CLOSE EMBASSY CONFIDANT ERNST VAN DEN BEUGEL; THREE FORMER PRIME MINISTERS; AND, AS JUST ANNOUNCED, PRESENT NATO HEAD JOSEPH LUNS.

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C O N F I D E N T I A L SECTION 2 OF 2 THE HAGUE 0925
EXDIS

9. FOREIGN MINISTER VAN DER STOEL IS BECOMING INCREASINGLY CONCERNED WITH THE CAB'S SEEMING INCONSISTENCY IN MAINTAINING A HARD LINE POLICY IN THE FACE OF YOUR WELL-RECEIVED ASSURANCES TO HIM IN DECEMBER THAT THE U.S. WILL SEEK A SOLUTION WITHIN THE FRAMEWORK OF TRADITIONAL GOOD DUTCH-AMERICAN RELATIONS. IT WOULD BE AN UNFORTUNATE DEVELOPMENT IF VAN DER STOEL, A STRONG ATLANTICIST, AS YOU KNOW, IS DISAPPOINTED, FOR HE IS PROBABLY OUR BEST FRIEND IN THE FY-16 SELECTION PROCESS. THIS ISSUE IS NOW NO LONGER ONE OF SUPERIORITY OF EQUIPMENT NOR OF PRICE (THE YF-16 IS CONCEDED SUPERIOR IN BOTH CATEGORIES TO THE MIRAGE) BUT A QUESTION OF WHETHER THE NETHERLANDS SHOULD MAINTAIN ITS TRADITIONALLY CLOSE MILITARY TIES WITH THE UNITED STATES OR SHOULD ATTEMPT TO STIMULATE PAN-EUROPEANISM BY MAKING A CONCILIATORY GESTURE TOWARD THE FRENCH BY OPTING FOR THE MIRAGE AND THEN, PERHAPS, MERGING FOKKER, THE DUTCH AIRCRAFT COMPANY, WITH DASSAULT.

10. FOR ALL OF THESE REASONS, I STRONGLY RECOMMEND THAT THE UNITED STATES PROMPTLY RECONCILE ITS CIVIL AIR DISPUTE WITH KLM BY WORKING OUT AN INTERIM AGREEMENT AS TO SCHEDULES FOR THE FORTHCOMING YEAR AND DEFERRING FOR NOW THE THORNY ISSUE OF SIXTH FREEDOM TRAFFIC.

11. INsofar AS SCHEDULES ARE CONCERNED, I RECOMMEND THAT WE CONCLUDE THE BEST ARRANGEMENT THE DUTCH ARE PRESENTLY WILLING TO ACCEPT, AND THAT WE ENDEAVOR TO GET THEM TO RENEW, AND IF RENEWED THEN ACCEPT THEIR OFFER TO FREEZE THIS SCHEDULE FOR THREE YEARS. IT APPEARS FROM MY TALKS WITH VAN DER STOEL AND MINISTER
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OF TRANSPORT WESTERTERP THAT AN AGREEMENT ON FLIGHTS COULD BE REACHED AT BETWEEN 18 AND 20 PER WEEK WHICH WOULD REPRESENT A SUBSTANTIAL REDUCTION FROM THEIR PREVIOUS SCHEDULE OF 28. SHOULD DEPARTMENT SO WISH I CAN DISCREETLY EXPLORE RANGE WITH KLM PRESIDENT ORLANDINI WITH WHOM I AM ON CLOSE AND INFORMAL TERMS.

12. INsofar AS THE PRINCIPLE OF SIXTH FREEDOM IS CONCERNED, I RECOMMEND THAT WE PROPOSE TO DUTCH THAT IT BE REFERRED TO EITHER AN INFORMAL STUDY GROUP COMPOSED OF REPRESENTATIVES FROM THE GOVERNMENTS AND CARRIERS, OR TO THE PRESTIGIOUS PERMANENT COURT OF ARBITRATION HERE IN THE HAGUE. IT SEEMS TO ME IT WOULD BE HARD FOR THE DUTCH NOT TO GO ALONG WITH THE LATTER PROPOSITION AND THAT, FROM THE U.S. POINT OF VIEW, WE WOULD APPEAR ACCOMMODATING, BY MAKING USE OF THIS DUTCH-SITED INTERNATIONAL INSTITUTION. IN EITHER EVENT WE WOULD BE SUBSTANTIALLY FOLLOWING A COURSE PROVIDED FOR IN THE

BILATERAL. SHOULD THE DUTCH REFUSE BOTH SUGGESTIONS
THEN I RECOMMEND THAT WE NOT PURSUE THE SIXTH FREEDOM
ISSUE FOR NOW BUT RESERVE ALL OUR RIGHTS.

13. SHOULD THESE RECOMMENDATIONS MEET WITH YOUR APPROVAL,
THEIR IMPLEMENTATION SHOULD BE SO ARRANGED THAT, AS TO
THE DUTCH SIDE, CREDIT WILL FALL TO FONMIN VAN DER STOEL
AND TRANSPORT MINISTER WESTERTERP, THE TWO COMPETENT
MINISTERS. AS NOTED, MANY PROMINENT DUTCH FIGURES ARE
TRYING TO GET INTO THE ACT, AS FOR EXAMPLE NATO SECGEN
LUNS, FOR 18 YEARS A FORMER DUTCH FOREIGN MINISTER.
IT WOULD BE UNFORTUNATE IF THE DUTCH PUBLIC WERE
GIVEN THE IMPRESSION THAT ANY DUTCHMEN OTHER THAN VAN
DER STOEL AND WESTERTERP WERE RESPONSIBLE FOR RESOLVING
WHAT IS FOR THE DUTCH THEIR HOTTEST INTERNATIONAL ISSUE.
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